**How can China help Nigeria become a more stable society in order to attract more FDI, and at the same time keep Chinese interests safe?**

Charlotte Strindlund
18/05/2015
Aalborg University and University of International Relations
China and International Relations
97 199

**Table of Content**

Abstract

1. Introduction...........................................................................................................................4
2. Methodology.........................................................................................................................5

2.1. Notions……………………………………………………………...………………9

3. Theoretical Framework…………………………………………………………………….10

3.1. Realism…………………………………………………………………………….10

3.2. Liberalism………………………………………………………………..………..12

3.3. Important Concepts………………………………………………………………..13

3.3.1. Foreign Direct Investment………………………………………………..13

3.3.2. China’s Non-Interference Policy………………………...……………….14

4. Grounding of Context……………………………………………………………….……..17

4.1. Nigeria……………………………………………………………………..………17

4.1.1. China-Nigeria Relations……………………………………..……………18

4.1.2. FDI in Nigeria…………………………………………………………….24

4.2. FDI and Political Instability……………………………………………...………..26

5. Analysis…………………………………………………………………………………….31

5.1. Political Instability in Nigeria……………………………………………………..31

5.2. Will China Interfere?...............................................................................................34

6. Discussion…………………………………………………………………...……………..40

7. Conclusion……………………………………………………………………………...….48

References

**Abstract**

As a poor country, Nigeria is heavily dependent on FDI. Over the years it has become obvious that foreign direct investments are a positive contribution to economic growth and development in developing countries. Nigeria enjoys one of its closest relationships with China as both countries have economic complementarities; China needs crude oil whereas Nigeria needs FDI. Since 2011, Nigeria has been heavily plagued by political instability, primarily due to Boko Haram. Previously, the security issue in Africa has not been of great concern to China, however, through the instability Chinese nationals and investments have come under threat and many Chinese nationals have been killed and kidnapped for ransom. By gathering secondary sources I aim to analyze how China can help Nigeria make their society more stable and, thus, attract more FDI, and at the same time keep Chinese interests safe. Due to China’s already large presence in Nigeria, it can play a huge role in its peace and security. China is in a position to facilitate both Nigeria and the African Union (AU) in order to reach policies that will ensure stability to the Nigerian society, and at the same time keep Chinese personnel and investments safe. China’s non-interference policy could hinder China from engaging in Nigeria, but with the help of Realism and Liberalism I have tried to determine what China would do. I specifically chose these two theories as they have opposing views on the world of politics. Although both theories were present in the analysis, I believe that China has more liberal tendencies than realism tendencies. I, thus, state that there is a high possibility that China might eventually interfere in Nigeria, even though it might not be militarily, there are several other diplomatic options that China could pursue.

**1. Introduction**

The Federal Republic of Nigeria, from here on Nigeria, is located in the poorest region of the world – Africa. Nigeria is thus heavily dependent on foreign direct investment (FDI). Over the years it has become obvious that foreign direct investments are a positive contribution to economic growth and development in developing countries (Alade Ajayi and Babalola 2011). Due to its importance, economists and policymakers have been preoccupied on how to attract more FDIs to low income countries (Ibid). There are certain requirements that will attract the flow of FDIs into a country; some of the minimum requirements are political and economic stability as well as rules and laws (Ibid). Nigeria, being an oil country (Madueke 2014), has received large amount of FDIs, from various countries (Corporate Nigeria D 2010/2011). Nigeria and the People’s Republic of China, from here on China, have for long enjoyed a close relationship as China is in need of crude oil in order to expand its ever growing domestic economy and Nigeria is in need of foreign direct investment (Egbula and Zheng 2011). Chinese investments in Nigeria can make a huge difference in Nigerian economic development (Sun 2014). However, lately Nigeria has been heavily plagued by political instability (Ibid). Through the instability Chinese nationals and investments have come under threat and many Chinese nationals have been killed and kidnapped for ransom (Ibid). As a result, Beijing has made security issues in Africa and Nigeria a priority as it has come in direct challenge with China’s national interests (Ibid). Furthermore, Nigeria’s flow of FDI might decrease as many experts declare that political instability has a negative effect on FDIs (Fatehi-Sedeh and Safizadeh 1989). Helping Nigeria to make their society more stable and thus attract more FDI will be beneficial for China as a stable society would mean that Chinese nationals and investments are no longer under threat. Despite China’s non-interference policy, which prevents China from interfering in other countries’ internal affairs, (Ibid) there have been occasions where China has interfered, which is why there might be a possibility that China will do so now as well. Due to China’s already large presence in Nigeria, it can play a huge role in its peace and security (Iyasu 2014). China is in a position to facilitate both Nigeria and the African Union (AU) in order to reach policies that will ensure stability to the Nigerian society, and at the same time keep Chinese personnel and investments safe (Ayodele and Sotola 2014).

My research question for this paper is **“How can China help Nigeria become a more stable society in order to attract more FDI, and at the same time keep Chinese interests safe?”** I aim to analyze how China can help Nigeria make their society more stable and, thus, attract more FDI. If the Nigerian society becomes more stable, then Chinese investments and nationals will automatically become safer. I have decided to do this with the help of Realism and Liberalism. I specifically chose these two theories as they have opposing views on the world of politics. Furthermore, China has by many countries been seen as selfish and only looking out for their own national interest, traits which are vital to the theory of realism. I, therefore, thought it would be interesting to actually analyze China’s action through Realism’s point of view. At the same time, many countries are putting pressure on China to act more responsible, in a way that is suitable for a superpower. I view Liberalism as a theory that realizes a states’ status in the world and acts accordingly. There have been signs of China acting more and more responsible, aligning with the liberalism doctrine; which is why I chose to use Liberalism as my second theory.

**2. Methodology**

*Purpose*The purpose of this paper is to find out how China can help Nigeria attract foreign direct investment despite their current political instability. By facilitating Nigeria and make the society more stable China can protect their own personnel and investments, which has come under threat lately.

*Outline*The paper starts with the methodology section, followed by the theoretical framework section where I will explain Realism and Liberalism, I will also explain important concepts that are relevant to this paper under. Next, in the grounding of context section I will introduce Nigeria and its relation with China as well as FDIs in Nigeria. Throughout the main section, the analysis, I will analyze the political instability in Nigeria and whether China will intervene in Nigeria or not. In the discussion section I will examine what China can do to help Nigeria to attract FDIs despite the current political instability and at the same time help keep Chinese nationals and investments safe.

*Choice of Country and Topic*Pursuing a topic involving China was indispensable considering its growing influence in today’s world. I picked the orientation of my Master’s Degree for the same reason. I knew that I wanted my thesis to extensively investigate terrorism and political instability as these are two topics that are extremely relevant. I chose Africa as it is a region that is brimming with untapped potential but that has also experienced heavy political instability. After some further research I became aware of the close tie between China and Nigeria, and of the lurking problems this relationship could be facing due to the incremental political instability which has become a serious threat to Chinese nationals and investments. The topic is relevant because it is an ongoing issue. Furthermore, it is vital to Nigeria to attract more FDI to the country and it is of the utmost importance that China deals with the security problem it is facing regarding Chinese nationals and investments. By facilitating Nigeria to make its society more stable, Chinese nationals and investments will automatically also become more secure.

*Theoretical Perspectives*I will analyze this thesis with the help of two different theoretical doctrines, namely Realism and Liberalism. The choice of theories was based on their applicability to the chosen topic and on the premise that these are most suitable interpreting and analyzing the empirical material in relation to China, Nigeria and political instability. Realism and Liberalism are contrasting views in the world of politics; as such the theories will provide me with an overview from two opposing perspectives. This will help me answer my research question successfully.

*Choice of Material*Nigeria’s turbulent state of affairs is neither recent nor unique, it has however intensified, allegedly due to the current situation involving Boko Haram.

I will gather information from books, academic articles and trusted Internet websites. However, due to the recent nature of these events, there is limited amount of primary data available, which is why I will mostly be using secondary data instead. I will be using the media as a source of information as these tend to focus on the societal issues and because the media often offers supplementary information to books, academic articles and journals and reports. Furthermore, news outlets are vital to this thesis due to the fact that the situation in Nigeria is ongoing, and because of it, there is limited amount of academic articles on the subject. In addition, the secondary data will also consist of reports from the United Nations (UN), the International Monetary Fund (IMF) and the World Bank. These three organizations are some of the most respectable and well-known organizations dealing with, but not limited to, political instability and finance, which is why the information is reliable. Referring to academic articles and journals when seeking information on the subjects of political instability and its effect on foreign direct investment, should provide me with statistical evidence. By combining the two sources of information, I hope to receive a more comprehensive picture of the situation.

As I will be using secondary data I have no control over how the data is being collected and interpreted. I have no empirical research; this thesis will be based on qualitative rather than quantitative methods.

*Choice of Analytical Strategy*Since there are only two actors, China and Nigeria, involved in this topic, I decided to divide the thesis into key concepts and background sections. As such, I have not divided the paper in accordance to the actors and their positions. In order to fully appreciate the complexity of the situation, I believe that this strategic approach will give the reader and me a deeper understanding of the underlying issues, and will create an apparent distinction between the problems between a Realism and Liberalism point of views on the topic. As the two theories are mutually exclusive, I will use the two theories independently.

*Case Study*I decided to structure the paper based on a single-case study design, as the purpose of a single-case study is to provide an in-depth analysis of the subject at hand. Therefore, a case study is more suitable for the exploratory phase, and less so for the descriptive phase (Yin 2003; Chadderton and Torrance 2011). The research question is aimed on how China can help Nigeria become a more stable state and attract FDI despite their current political instability, and at the same time keep Chinese interests safe. Dealing with the problem in Nigeria is also vital to China as Chinese personnel and investments are currently under threat. Thus, the use of an exploratory study is justifiable. At the same time, it will help me analyze China’s objectives but limit my findings to the selected area.

*Source Criticism*I acknowledge some critical reflections in the choice of the methodology of this thesis. I am aware that some bias may occur when using existing empirical material, for example, the limited English speaking Chinese news outlet I have been able to use, describe China as a responsible actor. Therefore, it should be handled with caution. Furthermore, Chinese news outlets have often been perceived as ‘diplomatic puppets’ which hurts their credibility and objectivity. Conversely, Western media is, at times, very critical of China’s growing interests in Africa as a whole, which has made it difficult to offer a balanced and impartial analysis, which is why I made sure to use various news outlets with different perceptions. I also acknowledge that the origin for the empirical material was created for another purpose and thus it is vital for me to interpret the material objectively to avoid any bias.

*Limitations*
As I lack Mandarin skills, the accessibility of Chinese academic journals and media sources has been limited; I have mainly used English written material. As English is the official language in Nigeria, I have been able to take part of Nigerian news articles as well as published reports, papers and articles. As a result, I have been able to more clearly understand the situation from Nigeria’s point of view. Due to language limitations, I have unfortunately not been able to do the same with China. In addition, throughout the paper I have only used secondary sources written in English. I am aware of the fact that if I would have used primary data and Chinese articles written in Mandarin, particularly news articles, my understanding and outlook on the situation might have been different. Thus, the lack of the Mandarin language skills and primary data did put some limitations to my analysis and hence the answer to my research question.

**2.1. Notions**In this section I will describe political instability. Political instability is the most important notion throughout this thesis and hence it is vital to understand its meaning, in accordance to this thesis, as it otherwise is a very broad terminology. Other important notions will be explained under the important concepts section.

*Political Instability*
I define political instability as something not related to the constitution (Alesina et. al 1996). Moreover, under normal circumstances I would not view a new democratic government change as political instability, even though uncertainty might arise (Ibid), but in the case of Nigeria I do. Nigeria as a democracy has not existed for long, and even though they just had another democratic election, the uncertainty with a new government plus the rising political instability in Nigeria is very troublesome. Moreover, in order to really capture the word of political instability, one should also take into account, in this case, income inequality, experience with democracy, the relationship with superpowers, membership in major institutions, such as the IMF and the UN, and lastly a country’s infrastructure (Fatehi-Sedeh and Safizadeh 1989).

**3. Theoretical Framework**

**3.1. Realism**
Realists believe that humans are power-seeking, competitive and concerned with their own well-being (Jackson and Sørensen B 1999). They always attempt to have an advantage over other individuals (Ibid). According to Hans Morgenthau, the leading realist in the twentieth century, relations between nations are nothing more than relations between humans (Jackson and Sørensen A 1999). Thus, according to him, relations will ultimately lead to aggression as the human nature is considered to be bad (Ibid). Realists argue that people are the same everywhere, thus, everyone wishes to have an edge over others and the need to avoid domination is universal (Jackson and Sørensen B 1999). This mentality is also evident in the political world, especially in international politics (Ibid). International politics is often described as power politics (Ibid). Realism’s core assumptions are national security, state survival and that world politics exist in an international anarchy, one without a world government or main authority (Jackson and Sørensen B 1999). The state is the most important actor in the international politics arena and all other actors, such as NGOs, international organizations and individuals are either less important or completely unimportant in relation to the state (Ibid). The state is portrayed as being vital for the life of citizens (Ibid).

The purpose of a country’s foreign policy is to develop and defend the state’s national interests (Ibid). According to realists, world politics is based on an international hierarchy of power (Ibid). Thus, all states are not equal (Ibid); some states are more advanced than others (Jackson and Sørensen A 1999). The advanced states will defend the status-quo while the underdogs will try to change the situation (Ibid). Ultimately this is a struggle between conflicting interests, which is why international relations are more about conflict than cooperation, according to realists (Ibid).

The most important actors in world politics are the great powers (Jackson and Sørensen B 1999). Moreover, international relations are about the struggle between the great powers for security and domination (Ibid). Human rationale and morality only exists domestically and does not spread to international relations (Ibid). On top of this, states’ will tend to prioritize, expand and defend their own national interest (Ibid). Pursuing self-interested objectives often leads to a deterioration of relations and results in a lack of trust between states. Therefore, countries can never completely rely upon each other (Ibid). Even though treaties and deals have been signed, these can easily be ignored if a state came to find it clashes with its national interests (Ibid).

Realists argue that diplomacy and negotiations cannot by themselves bring security and survival to a state; by maintaining balance of power states can live in peace (Jackson and Sørensen A 1999). War can be avoided by keeping the balance of power between states (Ibid). However, from time to time the balance between states will shift and create uncertainty which is when war is most likely to erupt; it is a historical cycle (Jackson and Sørensen A 1999). Classical realists view history as non-progressive; states will always remain states no matter the historical change (Jackson and Sørensen B 1999). It is worth noting that realists also believe that, the anarchical system will remain unchanged as the basic structure of the state system remains the same (Ibid). Based on this belief, the theory of realism will always be considered relevant, as the basic form of power struggle of world politics will always remain the same (Ibid).

**3.2. Liberalism**
After the collapse of most communistic states, liberalism arose as an alternative theory to international relations (Jackson and Sørensen C 1999). Opposed to realism, liberalism believes that the human nature is good and rational and as such it can be applied to international affairs (Ibid). Like realist, liberals believe that humans are self-interested and competitive, however liberalism argues that human beings can also engage in domestic and international cooperation and collaboration, which is of advantage to everybody; human beings’ satisfaction and happiness belongs to the core concern within liberalism (Ibid).

Liberalism does not believe in idealism, meaning that the theory acknowledges that conflicts and wars are not inevitable (Ibid). Nevertheless, with the help of human rationale, people can achieve mutually beneficial cooperation, both domestically and internationally (Ibid). Thus, theorists “believe that human reason can triumph over human fear and the lust for power” (Jackson and Sørensen C 1999).

Moreover, liberals view the state as a Rechtstaat, meaning it “establishes and enforces the rule of law that respects the rights of citizens to life, liberty and property” (Jackson and Sørensen C 1999). Since the state respect individuals’ constitutional rights, liberal theorists believe that mutual respect between states exists and that they deal with each other based on mutual tolerance (Jackson and Sørensen C 1999).

The belief in progress is an important concept in the theory of liberalism (Jackson and Sørensen C 1999). Human beings and most aspects of our lives progress through the process of modernization (Ibid). Modernization has accelerated globalization to a dimension where it now is easy to forge cooperation across international boundaries (Ibid). As a result, most individuals’ lives have improved (Ibid).

There are many different approaches to liberalism, interdependence liberalism, sociological liberalism, institutional liberalism and republican liberalism, yet they all agree that in the long run, cooperation centered on mutual interest will succeed (Jackson and Sørensen A 1999).

**3.3. Important Concepts**

*3.3.1. Foreign Direct Investment*In order to have economic development, nations need profitable investment (Busse and Hefeker 2007). This can be achieved through foreign direct investment, also known as FDI (Ibid). When countries have access to foreign capital they are given opportunities that would otherwise not have existed (Ibid). This is particularly true when it comes to developing nations (Economy Watch 2010).

“Direct investment means that foreign investors exercise de facto or de jure control over the assets created in the capital-importing country by means of their investments: this typically involves setting up a company or subsidiary of a company hitherto operating in the capital-importing country in which the foreign investor maintains majority control. It may also involve acquiring fixed assets in the target countries by nationals from the investing country” (Alade Ajayi and Babalola 2011, p. 276).

Foreign capital may take the shape of official loans, official grants or private investments (Alade Ajayi and Babalola 2011). FDIs can be separated into two groups: market-seeking and non-market seeking (Asiedu 2002). Market-seeking FDIs are goods that have been produced and sold in the local market, and thus serves the domestic markets (Asiedu 2002). While non-market seeking FDIs are locally produced goods that are sold abroad (Ibid).

Countries want to attract FDI because they are

“expected to generate growth in the recipient country through direct and indirect links with the local economy (Dahman-Saïdi 2013). FDI can facilitate technology transfer, stimulate domestic investment, promote export and create employment, which accelerates into development through growth” (Ganiou Mijiyawa n.d.;Asiedu 2002).

Foreign trade has helped nations develop and is thus a vital mechanism in a country’s economy (Abu Akoh 2014). Individuals, governments or corporations can hold FDIs (Alade Ajayi and Babalola 2011). But what defines an FDI is “that a foreign firm or individual must control a majority shares in the firm receiving the investment funds” (Alade Ajayi and Babalola 2011, p. 279).

*3.3.2. China’s Non-Interference Policy*China strongly believes in equality and sovereignty among nations and strongly dislikes military intervention and interference in other countries’ internal affairs (Anshan 2007). This stems from China’s own experience of occupation and violation of sovereignty by interventions from major powers (Ibid). These past experiences have led China to introduce a non-interference policy in their foreign policy (Ibid). The main idea of the policy is that “all countries should be equal and no country has the right to dictate the sovereign affairs of others” (Anshan 2007, p. 75). This principle has served China’s own sovereign rights well over the years (Anshan 2007).

China’s non-interference policy was introduced in 1954 and originated from the *Five Principles of Peaceful Coexistence* which represent “mutual respect for sovereignty and territorial integrity, mutual non-aggression, non-interference in each other’s internal affairs, equality and mutual benefit, and peaceful coexistence” (Iyasu 2013). The policy was put in place so that China could reach out to non-communist countries in Asia and to show solidarity with the post-colonial nations in Africa with the importance placed on territorial sovereignty (Iyasu 2013). Even though, non-interference mainly extends to regime change and military intervention, it has guided China in its pursuit to strengthen its economic relations with both Africa and the rest of the world (Iyasu 2013).

From the 1990s and onwards, the non-interference policy became an alternative to the US’ world order, a world order where developing countries found it harder and harder to manage their own economic and political affairs without the need to satisfy certain provisions or interference of Western powers (Ibid). China’s policy was

“viewed as a refreshing departure from the prescriptive policy of the West which forced African governments into the straitjacket of the so-called “Washington consensus” with its structural adjustment policies designed to mold Africa in the image of the West” (Iyasu 2013).

On many occasions, the Washington consensus was seen as unfit to the realities of Africa’s economic, social and political affairs, thus the non-interference policy was welcomed with open arms by many African governments (Iyasu 2013). Since the implementation of the policy, it has served China’s interests, especially the economic ones, well (Ibid). Even today, China often refrains from voting on resolutions at the UN Security Council that authorize sanctions or interventions to stop terrorism, end civil wars or reverse invasions (Ibid). This is a tactic that allows the UN to proceed with their mandates without China betraying their non-interference policy (Ibid).

China’s non-interference policy has more or less become the face of their foreign policy (Wu n.d.). When conducting business in Africa, China’s strongest selling point has always been the policy of non-interference (Caulderwood 2014) as it is very appealing for African governments to accept loans or aid with no strings attached (Iyasu 2013). If China were to impose conditions on their loans, investments or aid packages it would hurt their commercial benefits and diplomatic relations (Iyasu 2013). China has received heavy criticism for its non-interference policy and many claim that in its quest for natural resources and raw materials, China is willing to invest in both democratic and undemocratic states (Ibid). Moreover, China’s action of no conditions weakens the West’s leverage to promote more respect for human rights (Wu n.d.). However, an official at the Central Foreign Affairs Office said

“you might say that we are able to negotiate large business deals and make governments abide to the One-China principle. Yet this is by no means the same as having an impact on internal political tensions. Even if we had some influence, it would be naïve to assume that these problems can be managed by external powers” (Holslag 2011, p. 18).

There are plenty of reasons which justify why China cannot demand conditions, one being that China itself has human rights issues and thus cannot demand other countries to fix theirs (Wu n.d.). Additionally, China would have a difficult time challenging the Western countries’ vision of human rights and the idea that every country’s understanding of human rights might be different (Ibid).

As China becomes a bigger and more important player on the international arena, it is no longer acceptable for China to continue their non-interference policy; it is also not in line with the image of a responsible state that China desperately wants the world to perceive (Wu n.d.). Despite the non-interference policy’s appeal, many African policy makers and scholars argue that the policy is “both deceptive and divisive, and could have the effect of preventing amicable resolution of conflicts” in Africa (Iyasu 2013). Furthermore, they state that the policy is undermining peace and security in the region (Ibid).

Thus, many policy advisors call for a new policy, yet it is unclear what sort of policy they are calling for, however it is clear that it is not the “the kinds of interference the likes of which Africa experienced and continues to experience from the West which drove African governments towards China in the first place” (Iyasu 2013).

**4. Grounding of Context**

**4.1. Nigeria**
The Federal Republic of Nigeria has a population of 175 million and is thus the most populous country in Africa and the 32nd largest in the world (Corporate Nigeria I 2010/2011; Corporate Nigeria J 2010/2011). Nigeria’s size has qualified it into being Africa’s fastest growing market (Oduh Ezediaro 1971). It is a presidential democracy and Goodluck Jonathan is the sitting president, but Muhammadu Buhari is the president-elect since Nigeria held democratic elections, which were praised by world leaders as no sign of electoral fraud were found, on April 11 (Corporate Nigeria I; Smith 2015; Naij 2015). Nigeria is rich in agricultural products such as pepper, cocoa, chilies, palm produce, corn, groundnuts, yams, cotton, rubber, soybeans, beniseed, cassava and ginger (Madueke 2014). In addition, the country has been blessed in terms of natural resources, it has bitumen, coal, cocoa, gold, tin and most importantly oil (Ibid). Nigeria’s growth in the industrial production has also been remarkable (Oduh Ezediaro 1971). As a result, in comparison to many other African nations, Nigeria has a well-diversified economy (Ibid). The official language is English, but another 478 are spoken throughout the country (Corporate Nigeria F 2010/2011). Nigeria is home to more than 250 ethnic groups; 50% Muslim, 40% Christina and 10% hold traditional indigenous beliefs (Ibid).

Nigeria, as a country, was formed in 1914 when the British government decided to annex three of their colonial territories together: the Southern Provinces, the Northern Protectorate and Lagos (Corporate Nigeria E 2010/2011). Nigeria gained independence from Britain in 1960, but not until 1963 did Nigeria officially break all ties with Britain and introduced itself as its own republic (Ibid). As mentioned above, Nigeria has only been a democracy for some 15 years and their first civilian handover of power happened in 2007 (Corporate Nigeria G 2010/2011). Nigeria is a member of the IMF, the World Bank the World Trade Organization, the African Union, Organization of the Petroleum Exporting Countries and the African Development Bank (Corporate Nigeria K 2010/2011).

*4.1.1. China-Nigeria Relations*There is a debate in the scholarly world on the relationship between China and Nigeria (Abu Akoh 2014). Some scholars argue that the relationship is mutually beneficial as they need each other to achieve their goals on the political international arena (Ibid). Other scholars, however, argue that the vast Chinese investments in Nigeria will trigger dependency for the Nigerian economy (Ibid).

There are several reasons why China became interested in establishing contact with Africa (Ayodele and Sotola 2014). Firstly, it was a way to hinder western imperialism and counterweight Soviet hegemony (Ibid). Secondly, China wanted to extend its ideology of communism during the post-colonial period (Renard 2011). Thirdly, the western world’s actions towards China after the Tiananmen Square incident in 1989, economic embargo and political isolation, made China realize that the West and China held, and to this day still hold, completely different values (Ayodele and Sotola 2014). As developing nations themselves, the African governments, however, conveyed their understanding towards the Chinese governments’ action facing this internal problem (Wu n.d.; Ayodele and Sotola 2014). Fourthly, since China’s liberalization of its economy in 1978, it has had to engage with external partners, such as countries in Africa, in order to modernize China’s economy (Onuoha Udeala 2010).

China’s interest in Africa, including Nigeria, comes down to three agendas: a political agenda, an economic agenda and an ideological agenda (Sun 2014). From a political standpoint, China wishes to nurture its relationship with African nations as this could help China establish its ‘One-China’ policy, which is a policy that states that there is only one China and Taiwan is part of it, as well as its foreign policy in intergovernmental institutions, such as the United Nations (Sun 2014). China looks to Africa for support from human rights to economic embargoes (Ibid). In the UN this can be easily noted as China has more than once vetoed against UN resolutions in African countries and the AU defends China against Taiwan’s independence movement and the world’s human rights accusations (Wu n.d.).

The 54 African countries, account for more than one fourth of the UN member seats (Sun 2014). Both China and Taiwan have realized the great support the African countries can contribute, thus, since 1949, China and Taiwan have been in a battle for support (Haroz 2011). Due to China’s ever growing status as a superpower, it has been winning this battle and in 1971 the African countries’ votes were vital to prevent Taiwan from acquiring a seat at the UN Security Council (Renard 2011; Egbula and Zheng 2011). It can be argued that, through these newly found allies, China has strengthened the legitimacy of its one party government and communist regime. Additionally, up until a few years ago, many African countries still held diplomatic relations with Taiwan, but when China offers aid to developing nations, it does not impose any conditions except one, the One-China policy; it is Beijing’s central requirement in its diplomatic relations with countries (Egbula and Zheng 2011). This means that China’s financial incentives and support comes with the condition that countries must cancel diplomatic relations with Taiwan and support that Taiwan is part of the People’s Republic of China (Renard 2011; Egbula and Zheng 2011).

The Sino-Nigerian relationship is a two-way street as Nigeria needs China to support its mission to secure a permanent seat in an expanded Security Council of the United Nations (Abu Akoh 2014).

Economically, China simply sees Africa as a means to an end (Ayodele and Sotola 2014). China’s interest in Africa is based on three characteristics (Ibid). On the one hand, China is in need of crude oil to support its growing economy and expanding industrial base (Ayodele and Sotola 2014). China’s growing manufacturing sector has created an increased demand for precious metals, aluminum, oil and gas, copper and iron ore (Ibid). Africa is thus seen primarily as a way for China to further increase its domestic growth due to Africa’s extensive natural resource reserves (Sun 2014).On top of this, China is in need of a new and dependable consumer market and believes the African population will be this market (Ayodele and Sotola 2014). Lastly, as the African markets have opened up to foreign investments, companies that used to be banned are now allowed into the market, including Chinese companies (Ibid). According to some, Chinese investments in Africa hold no threat to African countries (Ibid). On the contrary, they are full of gains (Ibid). China imposes no political conditions, except for the ‘One-China Policy’, before signing an agreement with the African government in question (Ibid). Supplementary to this, Chinese companies are prepared to invest in riskier areas than western companies, such as agriculture, infrastructure and industry; these are the areas that are vital to Africa’s economic development (Ibid). Another reason why China is interested in Africa is that it wants to be perceived as a super power and thus needs to move out of its own region and start investing globally, otherwise China will not be able to compete with the Unites States and the European Union (Ibid).

From an ideological point of view, China was once in the same economic and political position that most African countries are in at the moment (Sun 204). This is why China believes that its economic model is mutually beneficial, it can help Africa develop and it will promote China’s economic interest (Ibid). China has quite successfully shown African countries that Western democratic ideals are not universal and that there is actually another option; the ‘China model’ and the ‘Beijing Consensus’ (Ibid). Furthermore, China believes that its model could be a model for Africa’s own economic development (Ayodele and Sotola 2014).

China’s first contact with Nigeria was in 1960 when a Chinese delegation attended Nigeria’s independence celebrations and congratulated them on their win against colonialism (Agubamah 2014). However, even before that Nigeria had already started looking east to seek alternative aid and investment donors than the ones in the West which had imposed sanctions on Nigeria, similar to the ones imposed on China (Mthembu-Salter 2009). Thus, Nigeria started to mix aid packages from Western partners and China (Cafiero and Wagner 2013). Chinese nationals started moving to Nigeria in the late 1960s, early 1970s to set up manufacturing operations (Egbula and Zheng 2011). Nevertheless, the official diplomatic relations between China and Nigeria were established on the 10th of February 1971 when both nations signed the *Joint Communiqué on the Establishment of Diplomatic Relations* (Adewuyi et. al 2008; Abu Akoh 2014). Even though the following 30 years did not produce any economic collaboration, the fact that both countries are in their developing stages, the shared accusations of human rights’ violations and historic experience with liberation movements could be factors that might have triggered a strong relationship from the beginning (Mthembu-Salter 2009; Egbula and Zheng 2011).

Economic relations were first formed when Nigeria introduced democracy in 1999 (Egbula and Zheng 2011; Ahmad Jarmajo 2009). China and Nigeria entered into a relationship at a time when both were in need of one (Adewuyi et. al 2008). In addition to finding alternatives to Western donors, Nigeria’s mission was to attract more FDIs and China was looking for a supplier of raw materials as well as markets with potential for finished products (Ibid); Chinese interest in Nigeria is due to its “vast energy reserves and a large domestic market of 150 million inhabitants with growing disposable incomes” (Egbula and Zheng 2011, p. 3). Today, over one third of China’s total trade with West Africa is exclusively with Nigeria (Agubamah 2014). On top of this, Nigeria belongs to the 5 countries where China has invested the most funds for infrastructure development (Ademola et. al 2009). At the same time Nigeria is one of the biggest suppliers of commodities required by China which is why “China’s investment commitment in the natural resource sector in Nigeria is the highest…” (Ademola et. al 2009, p. 500). As mentioned previously, Nigeria’s main export to China is oil and gas products, it accounts for 87 %, while China exports textile material, clothes, electronics, equipment, machinery and manufacturing products to Nigeria (Egbula and Zheng 2011; Abu Akoh 2014).

China is looking to Africa for oil because it wants to reduce its dependence on oil from the Middle East (Egbula and Zheng 2011). Nigeria produces sweet, low-sulfur crude which is of high interest to the Chinese (Utomi 2009); the low-sulfur content is more suitable for environmental protection and the location makes it easy for China to process it in their refineries (Wu n.d.). China was able to increase the volume of trade with Nigeria because China “secured various joint-venture contracts with Nigerian oil companies, often in exchange for low-interest loans and targeted development projects” (Utomi 2009, p. 40). Yet the imports only accounts for 2% of the entire continent (Egbula and Zheng 2011). China is valuable to Nigeria because of “the establishment of infrastructure, intensification of skill and human capital” (Abu Akoh 2014, p. 63).

China’s and Nigeria’s relationship stems from the fact that the two nations have economic complementarities (Babatunde et. al 2010). For the past years, China’s investments and loans in Nigeria came to a total of 15 billion US dollars (Agubamah 2014). No Sino-African relationship is growing faster than the one between China and Nigeria; “the Asian giant meets the African giant” (Egbula and Zheng 2011). After South Africa, Nigeria is the top destination for Chinese foreign direct investment (Ibid). Nevertheless, the Sino-Nigerian relationship is a two-way street as Nigeria belongs to the top 5 African countries investing in China (Egbula and Zheng 2011).

At the moment, more than 200 Chinese firms are established in Nigeria (Cafiero and Wagner 2013). Over the years, trade between China and Nigeria has grown tremendously; between 2000 and 2010 trade increased from $2 billion to $18 billion (Cafiero and Wagner 2013). Furthermore, 10 large bilateral agreements were established on agriculture, commerce, security and tourism during the same time period (Ibid). The way the Chinese companies enter the Nigerian market is through bidding; companies bid for contracts (Egbula and Zheng 2011). As Chinese companies are able to produce projects to a lower cost than any western companies, the process has become very rewarding (Ibid). On top of that, Chinese state-owned banks have flushed billions into Chinese companies so that they can finance and insure the activities of the Chinese companies (Ibid). The third way of entering into the Nigerian market is by buying into already existing businesses (Ibid).

Even though, China’s presence in Nigeria has improved its social, technical and economic areas, Chinese FDI in Nigeria is still fragmented (Adewuyi et. al 2008). In 2006, the Chinese and Nigerian government signed a memorandum stating their future strategic relationship (Egbula and Zheng 2011). It was decided that the manufacturing, telecommunications, petroleum and power sectors would be the central aims for future investments as a hope to spread future investments into various sectors (Ibid). Nevertheless, due to China’s interest in fueling its expanding domestic economy, the petrol sector still held the most importance (Ibid).

Although China already holds large investments in Nigeria, China needs Nigeria to further penetrate the African market as Nigeria is a big player on the African continent (Agubamah 2014). Nigeria, on the other hand, is in need of even more investments (Adewuyi et. al 2008). However, in order for this to occur the investment climate in Nigeria needs to improve (Ibid). Lately, China’s invested interest in Nigeria has become a growing issue for the Chinese government as the safety of Chinese personnel and investments in Nigeria is being jeopardized by criminal activities and political instability (Sun 2014).The security issues for expats have risen as there have been several kidnappings and other attacks on Chinese nationals (Egbula and Zheng 2011); the security of Chinese investments and personnel can no longer be guaranteed (Sun 2014).This increasing issue has become a primary security concern for China (Egbula and Zheng 2011; Sun 2014).

*4.1.2. FDI in Nigeria*Nigeria liberalized their economy in 1995 as a way to improve its business environment (Corporate Nigeria C 2010/2011). Since then, Nigeria is one of the most open countries in Africa for foreign investors (Ibid). Out of the African nations, Nigeria is the one receiving the largest amount of FDI; this makes Nigeria the nineteenth largest FDI recipient in the world (Corporate Nigeria D 2010/2011). Since Nigeria is considered to be Africa’s largest oil producer with oil reserves exceeding 9 billion tons, most of the country’s FDI comes from major oil consumers, like China (Ibid). In addition, the country has 5, 2 trillion cubic meters of natural gas, and thus holds the seven biggest resources in the world (Ibid). China’s direct investment in Nigeria is worth approximately USD6 billion, making Nigeria China’s second largest trading partner (Ibid). According to IMF, Nigeria receives over 95 % of its export earnings and about 40 % of government revenues from its oil sector, making the economy heavily dependent on it (U.S. Department of State 2013). Like any other nation in Africa, Nigeria lacks infrastructure (Asiedu 2002), but due to FDI Nigeria’s economy continues to grow and can thus, with time, improve this area (U.S. Department of State 2013).

Due to Nigeria’s oil reserves, the country was to a certain degree spared from the global economic crisis as it had the ability to raise oil prices (U.S. Department of State 2013). Yet, Nigeria is in need of further FDIs because it needs to restore its infrastructure in terms of ports, bridges, roads and airports (Ibid). This is a means to an end to reach Nigeria’s actual goal, which is to develop the tourist sector, improve transportation links, create housing, improve the public services, create jobs and eradicate poverty (U.S. Department of State 2013); Nigeria is aiming to become one of the world’s top 20 economies (Egbula and Zheng 2011). It is the government’s hope that Nigeria can attract overseas companies looking for new market opportunities in developing nations (Corporate Nigeria B 2010/2011). Nigeria can offer foreign investors cheap work force, a variety of natural resources and possibly the most extensive domestic market in sub-Saharan Africa (U.S. Department of State 2013). Compared to other developing nations, Nigeria has ensured foreign investors against non-commercial risks to a much higher degree (Oduh Ezediaro 1971). As a result, many investors have been interested to invest in developing nations like Nigeria (Ibid). Additionally, in the hopes of attracting further FDIs, Nigerian laws apply equally to domestic and foreign investors (U.S. Department of State 2013). However, Nigeria has made sure that they are protected in some areas and thus introduced the Nigerian Investment Promotion Commission Act in 1995, which states that

“100% foreign ownership is allowed in all industries except for oil and gas, where investment is constrained to existing joint ventures or new production-sharing agreements. Investment from both Nigerian and foreign investors is prohibited in a few industries crucial to national security: the production of arms and ammunition, and military uniforms. Investors can repatriate 100% of profits and dividends” (Corporate Nigeria D 2010/2011).

**Nigeria also has a ‘pioneer status’ policy, which states that companies setting up their businesses in economically deprived areas receive special taxes for up to 5 to 7 years (Corporate Nigeria H 2010/2011). Foreign companies need to invest at least USD 40,000 in order to take advantage of this policy (Ibid**).

According to Michael Obadan and Harold G. Osuagwu, the market size and the trade policies are key factors for foreign private investment in Nigeria, as well as the supply of capital, government policies, assimilative capacity and the rate of return (Alade Ajayi and Babalola 2011). This means that Nigeria has done everything by the book in order to attract more FDI, however the current political instability in Nigeria might negatively affect further FDIs. The government of Nigeria realizes that it needs to be able to assure its foreign investors of non-risks in order to maintain or attract more FDI (Oduh Ezediaro 1971). Chinese investors do not fear risk as much as other investors, however the Nigerian political instability and unpredictability could discourage future investments (Egbula and Zheng 2011).

**4.2. FDI and Political Instability**

“Political instability entails uncertainty when it induces change of policy makers and economic policies. For instance, when following a political regime change, there is repudiation of former contracts with foreign firms, the risk of expropriation increases, which reduces the volume of FDI. Likewise, political instability in the form of civil war can destroy a country’s physical and human capital infrastructure, which is deterrent to the productivity of investment” (Ganiou Mijiyawa n.d., p. 12).

The most severe threat to the safety of Chinese personnel and investment is domestic political turmoil and a regime change (Sun 2014). For the Chinese government, it is extremely important that return on investments can be assured and that people can be kept safe as it is linked to the Communist Party’s legitimacy (Ibid). Failure in protecting national interests and nationals would weaken the party’s internal and international image (Ibid). This is what happened in 2003 when China had to evacuate 36 Chinese during the military coup in Liberia (Ibid). Fortunately there were no casualties, however Chinese analysts and media reported “major financial losses” due to the political instability (Ibid). In 2011 China lost $20 billion worth of investment in Libya due to uncompleted contracts China had made with the Gaddhafi government (Ibid). This illustrates how countries that are politically instable attract lesser FDIs than countries who are politically stable (Busse and Hefeker 2007).

FDIs are important for achieving economic development in both developed and developing countries (Fatehi-Sedeh and Safizadeh 1989). Studies show that multinational corporations find sociopolitical stability of the host country one of the most important factors when considering allocation of funds to foreign projects (Ibid). Absence of stability can be a cause for concern because investments might benefit parties the investors cannot trust (Ibid); when there is instability in the socio-political environment it creates uncertainty within the politico-economic environment (Aisen and Veiga 2011). Even though sociopolitical instability is not the only factor to consider, investors tend to withdraw when strikes, demonstrations, assassinations and riots develop (Fatehi-Sedeh and Safizadeh 1989). The relationship between investment and political instability is particularly negative in low-income countries, hence it can be deduced that the lack of political stability in Africa has hindered its economic growth (de Haan and Siermann 1996).

There are four channels in which political instability might affect economic performance (Haber and Razo 1998). Firstly, property rights may become less secure as they are part of the public domain and thus can be detained by the ones in power (Ibid). This has a negative effect on long-term investments as return on investment is uncertain (Ibid). It also impacts economic exchange as buyers interested in buying assets discount their value to cover risk premia (Ibid).
Secondly, the absence of a stable political system creates uncertainty of future policies and institutional change (Ibid). As a result, investors might not want to invest long-term as they do not know what to anticipate (Ibid). When policies are weak they are less likely to attract investors as it also means that property rights are weak (Ibid); property rights are an important factor to consider for investors (Svensson 1998). As a result, investment and growth will suffer (Haber and Razo 1998). A good and stable policy is

“seen as a peaceful law abiding society where decision making and politico-social change are the result of institutionalized procedures and not the outcome of anomic processed which resolve issues through conflict and aggression” (Levis 1979, p. 61).

As such, foreign investors tend to prefer a stable political and economic environment (Alesina et. al 1996). Bottom line regarding political risks is that investors are scared that sovereign host countries will suddenly change the “rules of the game” of how business is being done (Busse and Hefeker 2007). This means that it could be possible that investors are more sensitive and scared of the policy changes than to the actual political events (Fatehi-Sedeh and Safizadeh 1989). Nevertheless, policy uncertainty depends on whether the society is highly polarized or not (Alesina et.al 1996). In less polarized countries, when there is a government change, the policies will more or less stay the same without any drastic changes (Alesina et.al 1996). However, in a society that is highly polarized a government change can lead to a complete different policy making (Ibid). Thirdly, political instability might engage individuals into rent-seeking (Haber and Razo 1998). Rent-seeking is when individuals acquire economic gain without giving back to the society, in forms of, for example, taxes (Investopedia n.d.). Bribing is also a form of rent-seeking (Coolidge and Rose-Ackerman 1995/1996). Furthermore, it is hard to prosecute people who commit crimes similar to rent-seeking due to lack of a system (Ibid). As a result, investors will only make short-term investments and the government might use their resources for unproductive purposes (Ibid). Fourthly, during political instability violence might be an issue as properties and factors of production might be destroyed as a result, making investors hesitate to invest as they are not sure of the future value of the asset in question (Ibid).

Political instability can have short-term and long-term consequences (Haber and Razo 1998). Short-term consequences, however, depend, on how fast and well economic agents respond, and the type of instability (Ibid). Long-term investments are harder to identify as it will depend on the new government and the possible new policies made (Ibid).

Furthermore, numerous studies have portrayed a link between investment, economic growth and democracy (Feng 2001). Investors are “highly sensitive to changes in political stability” and the way governments operate (Busse and Hefeker 2007, p. 13). Studies show that democratic rights, political rights and civil rights matter to multinational companies which are invested in developing countries (Busse and Hefeker 2007). Corporations are more interested in investing in democratic states (Ibid); democracy increases economic growth, making it safer to do business (Feng 1997). This is based on the belief that if there are democratic rights, there will most likely also be property rights protection, all which increased foreign investment (Busse and Hefeker 2007). In addition, investors prefer the democratic system as it has good governance and reliable institutions, compared to political uncertainty which is branded by irregular government changes and autocratic system (Feng 2001). Investors can look upon democratic and regular government changes as something positive if they find the old government as incompetent or corrupt (Alesina et. al 1996). Regular government changes can actually result in higher economic growth (Feng 1997). In stable political climates, even though the new governments might make some policy adjustments, it will not change the fundamentals of the political order (Ibid). So in the short-run it might have an effect on economic growth due to uncertainty, but in the long-run “major regular government change reflects a pattern of system adjustability and government accountability in favour of economic performance, and is thus likely to produce higher growth” (Feng 1997, p. 397).

On top of political freedom and democracy, regime stability is another factor that positively influences private investments (Feng 2001). Economic growth is sustained through investments and savings (Ibid). When a regime is unstable consumers will reduce their savings and increase on their spending because of the fear that their savings might become worthless (Ibid). Furthermore, political instability often removes people from their jobs, or even worse displaces them, making money saving more or less impossible (Ibid). At the same time investors will retrieve their investments in fixed capital stocks, for example in factories or land, as they prefer to keep their portfolios and properties in liquid and portable forms, such as in gold or foreign currencies since they will most likely retain their value better (Ibid). Political instability makes job opportunities less available and less attractive which shrinks the pool of savings (Ibid). However, it also wreaks havoc with the efficient allocation of resources and the formation of fixed capital necessary for economic development (Ibid). Basically, an impending political crisis forces consumer to spend and investors’ decisions to invest are put on hold (Feng 2001).

Despite the reasons listed above that political instability has a negative effect on the flow of FDI, there are studies that show that only in Africa are there mixed reviews to whether political instability actually reduces economic growth, both indirectly through capital growth and directly (de Haan and Siermann 1996). The economic prospects are usually more important than the political prospects (Levis 1979); political stability is secondary to market potential when dealing with FDIs (Chase et. al 1998). When companies consider an investment project, it would be unacceptable if it would not take into account the return of investment when evaluating the potential risks (Fatehi-Sedeh and Safizadeh 1989). Meaning that, multinational companies might continue to invest in an unstable environment and accept the risks involved, simply because the return on investment is great or because the host government is offering good incentives (Ibid). Less economically developed countries are more likely to offer tax cuts for governments and companies in order to attract more FDI (Levis 1979). This together with a potential unexploited market makes an investment worthwhile (Ibid). Yet, some experts argue that even though there are high returns in a risky environment it might not promote FDI (Asiedu 2002). The reason for that is that when the risk has been calculated into the returns, it might be too low for any government or company to take that risk (Ibid). Africa is seen as a risky environment, especially the Sub Saharan Africa and especially the uncertainty of government policy; the risk of policy reversal was elected as the most important risk factor by 150 foreign investors in East Africa (Ibid).

**5. Analysis**

**5.1. Political Instability in Nigeria**Since April 2011, President Jonathan’s time in office has been plagued by ethnic, religious and political violence that mainly involve Northern Nigeria and Abuja, Nigeria’s capital (U.S. Department of State 2013). Responsible for these acts, which has killed close to 3000 people since 2009, is Boko Haram, an Islamic sect that has entered into a campaign to call for the institution of Sharia law across Northern Nigeria (U.S. Department of State 2013). Chinese people living in Nigeria are subject to threats and violence on both the local level and the state level due to the political instability (Sun 2014). The most common and damaging attack on Chinese personnel are robbery and kidnapping (Ibid). But there is also the occasional political motivated attack, as well as labor disputes and illegal activities (Ibid).

Nigeria’s oil reserves lay in the Niger Delta, located south of the country, and in addition to Northern Nigeria and Abuja, this is where the majority of the instability in Nigeria has taken place (Mthembu-Salter 2009; Alade Ajayi and Babalola 2011). Over the years, foreign companies have been destroying the community by massive oil spillages, destruction of biodiversity, uncontrolled gas flaring and increased unemployment causing widespread poverty (U.S. Department of State 2013; Alade Ajayi and Babalola 2011). Depending on the level of instability, the Niger Delta, produces between 1.8-2.3 million barrels each day (Mthembu-Salter 2009). In the past the Movement to Emancipate the Niger Delta brought violence to the region, subsequently decreasing the scale of production (Corporate Nigeria A 2010/2011). A crisis emerged with kidnappings, hired killings and armed militancy (Alade Ajayi and Babalola 2011). The absence of government help in the Delta Niger has made locals resentful and angry at oil companies in the area, as many people blame them for the problems the region is facing (U.S. Department of State 2013). However in 2009, a solution was found, people had the possibility to exchange their arms in return for a regular income or job training, since then production has yet again increased (Corporate Nigeria A 2010/2011). Since a solution was found, the region has been relatively calm, except for some irregular outbreaks of violence (Ibid). President Goodluck, a native of the Niger Delta, continued this amnesty (Corporate Nigeria A 2010/2011). It remains to be seen what the president-elect will do.

The most pressing issue Nigeria is facing at the moment is Boko Haram; the sect’s attacks have, over the years, only become more deadly and advanced (U.S. Department of State 2013). The sect has targeted everything from mosques, churches, educational and governmental institutions, to the United Nations’ headquarter in Abuja (Ibid). To their disposal, the sect uses explosive devices and suicide car bombings (Ibid). Since October 2010, Boko Haram has been responsible for 5 bombings of high-profile targets in Abuja (Ibid). On top of that, further bombings and killings have occurred in the cities of Bauchi, Damaturu, Jos, Kaduna, Kano, Maiduguri and Suleja (Ibid). The most well-known attack, though, has been the abduction of 200 schoolgirls last year, many of whom are still missing (Ibid). Nigeria’s efforts to combat Boko Haram have resulted in a Joint Task Force which consists of police and military personnel to assist the operation “Restore Order” to combat Boko Haram (Ibid). The Joint Task Force has had allegations thrown at them for unnecessary use of force and human rights abuses on both civilians and suspected sect members (Ibid). The Nigerian government has consistently denied these allegations (Ibid).

China’s interest in West Africa is mainly based on natural resources (Cafiero and Wagner 2013). The rise of Islamist extremism, such as Boko Haram, worries China as it believes it might be a threat to the vital energy sources and regional stability (Ibid). Ultimately, threatening Chinese national interests (Ibid). Even though, Chinese investors are less worried about risks than any other foreign investors, the Chinese and Nigerian relationship might be negatively affected in the future as the conflict between Boko Haram and the Nigerian government is heightening the political risk for all foreign investors (Ibid). So far, the conflict’s targets have been Nigeria’s Muslim majority in the north, but if it starts spreading to other parts of the country, China should start rethinking their strategy (Ibid). According to the Huffington Post, Nigeria is the leading military force in the Economic Community of West African States (ECOWAS) (Cafiero and Wagner 2013). ECOWAS is a 15-member states organization which initially aims to encourage economic integration within all fields (ECOWAS n.d.). Over the years, however, it has broadened its task to include crisis prevention and conflict resolution (GIZ n.d.). ECOWAS has established its own regional task force, ECOWAS Standby Force, as a step to further expand African peace and security (Ibid). Latest news is that China is going to assist the ECOWAS Standby Force with military equipment (ECOWAS 2015), and since Nigeria is the dominant military force, a clear partnership between China and Nigeria is most likely to emerge (Cafiero and Wagner 2013). The fact that China is worried about their national interests is a clear indication that China has more realism tendencies because it seems as if developing national interests is what is on the forefront of the Chinese government’s mind. On the other hand, it can also be argued that both China and Nigeria have some liberal tendencies, not only because China is assisting ECOWAS with equipment, but also because there seem to be a partnership emerging between China and Nigeria.

Security issue has become a grave concern, both for Beijing and for Chinese expats, due to high rates of kidnappings for ransom, terrorism and violent crimes (U.S. Department of State 2013; Yuan Sun 2014). Ambassador Guijin Liu, former Chinese ambassador to Zimbabwe and South Africa and former Special Representative of the Chinese Government on African Affairs and on the Darfur Issue, stated

“the Chinese government is feeling great pressure from the business community who go to Africa for development on how the government can protect their personal safety.  It’s not easy now, given war and armed conflicts in Africa” (Yuan Sun 2014).

It can be argued that this quote is given from a liberalism point of view as it is a very rational quote by realizing the difficulties Africa is undergoing. Furthermore, if China believed in the liberalism doctrine they would interfere as liberalism’s core is about human’s satisfaction and happiness. By interfering in Nigeria, China would increase the changes that its own citizens were safe and happy.

Moreover, what might further derail the situation in Nigeria is that if FDIs decrease, so will job opportunities (Alade Ajayi and Babalola 2011). When a country has a high inflow of FDI, the unemployment rate decreases (Ibid).

Nigeria is a democracy, and as was stated above, investors tend to favor democratic states as they trust in the governments and institutions. For Nigeria this can be viewed as something positive as it might attract more investors, at the same time Nigeria is in its early stages of being a democracy and as such, it can be argued, is not yet completely reliable and transparent. Nigeria needs to improve its political climate, because otherwise, according to some experts, Nigeria is on a verge to become a failed state (Ibid).

**5.2. Will China Interfere?**China’s wake-up call of the importance of security for its investments and citizens came in 2005, since then, China has realized security is also their problem and made it a priority (Ibid). Back in the days, China put their faith in multilateral institutions such as the UN (Ibid). Lately, however, China has become more vary about terrorism in Africa (Cafiero and Wagner 2013). As a result, China’s foreign policy stance has changed (Ibid). China trusting the UN indicates a liberalistic point of view as liberals believe in multinational institutions, however the fact that China has now taken a greater interest in the problem show a realism point of view. China is realizing that Nigeria’s political instability might have an effect on their national interests and if so, China should defend them. One could also argue that even though the non-interference policy exists, from a realist point of view, China should just ignore this policy and defend their national interests, as state survival and national interests are core assumptions of the theory of realism.

Due to the principle of non-interference and the policy of no overseas deployment of Chinese troops, China does not believe it has the legitimacy to interfere and solve internal conflicts on the African continent (Anshan 2007). China believes that it does not have the knowledge or is qualified enough to make such judgment calls (Ibid). China could hire private security companies to accompany Chinese personnel and investments, but local private security firms are perceived as undependable (Sun 2014). Even though there are several Western private security firms, China would not be able to hire them either without running into legal and political barriers (Sun 2014). Legally, it would be complicated to issue employment status and give them authority to carry firearms (Ibid). Politically it would interfere with China’s “non-interference of other countries’ internal affairs” (Sun 2014, p. 11), since the actions of the security personnel would most likely clash with the law enforcement and thus the sovereignty of the host country (Sun 2014). This behavior indicates liberalism as China is willing to stand back and not properly protect its investments and nationals in fear of clashing with the Nigerian law enforcement. Had China opted for a realism behavior, then China would have ignored the potential clash and done whatever it deems necessary in order to protect Chinese national interests.

Back in the days, China did not want to stray from its non-interference policy and rather decoupled economic interest from political relations than engage into conflict situations (Holslag 2011). This was however quickly challenged when China was in the middle of numerous violent and political conflicts, thus a few Sino-African students concluded that China could instead just alter its policies to serve its economic interests (Ibid). It has been said that China is separating business and politics to serve its national economic interests (Ibid). Despite the non-interference policy, China has never engaged in African internal affairs because very few of the politicians in Beijing believe that China should prioritize Africa (Sun 2014). According to China, the African Union is more suitable to solve the instabilities (Anshan 2007). China’s foreign policy decisions depend on the importance of the issue (Ibid). And since ultimately, Africa’s importance to China is a means to an end in China’s economic and political areas, Africa is a low- priority in Chinese foreign policy (Ibid). As a result, it does not reach the highest level of decision making and decisions are mainly made on a working level with government ministries that do not prioritize Africa (Ibid). Policymaking regarding Africa, actually, mostly occurs in the working level and is divided between different government agencies: the Ministry of Foreign Affairs (MFA) and the Ministry of Commerce (MOFCOM) are the two agencies which are at the top (Ibid). Security issues, such as UN peacekeeping missions, are handled by the military in synchronization with the MFA and the MOFCOM (Ibid). From a realism point of view it can be argued that it would make sense that China is not viewing Nigeria as a top priority. China probably feels like they dominate Nigeria at the moment and feel comfortable with the current status-quo, thus China does not need to put Nigeria on the top of their priorities. However, it can also be argued that it is ignorant of China to think so as China needs Nigeria’s oil in order to expand their domestic economy. On the other hand, liberalism does shine through China’s actions from time to time, as China does alter its policy and is willing to interfere in other countries, despite the non-interference policy. There have been moments when the government has decided to overlook its non-interference policy, especially when there is a public outcry for the government to intervene, as was the case in Libya 2011 (Sun 2014). Therefore, it can be deducted that China’s non-interference policy dictates their foreign policy (Ibid). However, when the public demands interference or the party’s legitimacy is on the line, it can be discouraged (Ibid). When this happens, decisions are obviously taken at the highest level, the Politburo Standing Committee, and not on government level (Ibid). Once again it can be argued that China is taking a liberalistic approach to the non-interference policy. Had China taken a realism approach, it would never have altered the non-interference policy as realism is simply concerned about state survival and promoting national interests; everything else is secondary.

So far China is not deploying any Chinese troops to Nigeria but, fortunately for Nigeria there are numerous indications that, if the situation worsens, China could intervene, both diplomatically and militarily. A Chinese ambassador stated that African countries should not have to fight against extremism by themselves and China supports every organization and government in their battle against Islamist extremism (Sun 2014). Not only is the foreign ministry more alert concerning possible terrorist attacks on the African continent, but for the last couple of years, despite China’s ‘non-interference policy’, China has contributed with more soldiers to UN peacekeeping missions in Africa than any other permanent member of the UN Security Council (Shinn 2013). Compared to back in the days, China now believes that “diplomacy serves the economy”, and not vice versa (Anshan 2007, p. 72). Once again one can argue that China believes in the liberalism doctrine more than in the realism doctrine as China is open to cooperate with the UN. Furthermore, the fact that China now believes that diplomacy serves the economy also indicates a liberalism point of view. Back in the days, China believed that economy served diplomacy which is more of a realism way of looking upon it, so one can argue that China has shifted from making decisions based on realism to liberalism.

The Nigerian president, Jonathan, resisted foreign help in dealing with the terrorist group Boko Haram, saying that it was an internal matter, but as soon as the international pressure increased by important people getting involved, such as Michelle Obama, as well as the social media traffic increased, he changed his mind (Yuan Sun 2014). During Li Keqiang’s trip to Africa, he offered the Nigerian government assistance to find the missing schoolgirls that were abducted by Boko Haram (Sun 2014). He also guaranteed President Jonathan that China will support Nigeria in their efforts to battle terrorism; “China is ready to redouble its efforts helping African countries promote capacity-building in the justice and security sectors and strengthen the exchange of experience and information sharing” (China.org.cn 2014). He Wenping, a senior researcher at the Chinese Academy of Social Sciences argues that “extremist organizations know no borders, and countries must work together and strengthen their cooperation to combat terrorism” (Shinn 2013). Hence, a Nigeria-China cooperation would be beneficial for both parties. They would be cooperating based on mutual interest, a clear liberalism point of view.

China has lately moved closer towards multilateral organizations (Shinn 2013). The UN, the AU and the Forum on China-Africa Cooperation (FOCAC) have all benefitted from China’s divergence from its otherwise strict non-interference policy (Ibid). In the FOCAC, counterterrorism has been a regular part of the dialogue (Ibid). At the conference in 2012, China and Africa agreed to “strengthen communication and cooperation on fighting all forms of terrorism” (Shinn 2013). Both the root causes and the consequences of terrorism should be battled (Ibid). China and Africa agreed that the UN and the Security Council should acquire the instigative role in the counterterrorism cooperation and in helping African nations to develop its security (Ibid). Furthermore, China perceives the AU as a rising force to help protect Chinese investments and citizens, additionally, China is willing to help the AU to neutralize and fight security threats in Africa (Sun 2014). Despite these closer collaboration with the UN and the AU, China has shown resistance towards working with Western governments (Ibid). However, as China’s economic interest are starting to be threatened by the security issues, China has become more willing to cooperate with Western governments (Shinn 2013). The fact that China is willing to cooperate with the UN and even the Western governments is yet another indication that China favors the liberal doctrine over the realism doctrine. Had China been more drawn to the realism approach, they would have not let the UN and the AU take the lead because, in realism, institutions are secondary to states.

The last reason why China might intervene in Nigeria is because the situation in South Sudan, another oil exporter to China, is currently threatening China’s oil investments there (Caulderwood 2014). Therefore, China decided to contribute with 700 troops to the UN peacekeeping mission (Ibid). The fact that China sends troops in this instance can be seen from both a liberal and a realism point of view. Liberalism because of cooperation with the UN and realism because it can be argued that the only way why China did this was because they needed to defend their national interests.

On the other hand, there are also valid reasons why China will not interfere in Nigeria’s internal affairs. China believes that economics and politics can be held separate, which is why they do not demand any conditions of good governance on their loans, investments and aid packages; as a result, China has assisted undemocratic regimes (Renard 2011). Hence, Africa cannot rely on China to help them improve good governance (Ibid). Furthermore, even though Africa is a big part of China’s continued economic success, there has never been a strategy towards its relations with the continent, except one, adjust to the political climate (Holslag 2011). This thinking originates in the fact that China believes in ‘ling huo bian tong’, which means that people should adapt to changing situations “through flexibility and reflection on the connections between goals, attitudes, and behaviour” (Holslag 2011, p. 18). Another belief that guides Chinese diplomacy is ‘qiong ze bian, bian ze tong’, stating that if one is weak or poor, only adjustment can lead to success (Ibid). China’s belief that economics and politics can be separated can be viewed as a realism approach. By not mixing political views with economic views helps China maintain a business focus which will ultimately help their national interests. It can also be argued that if one is weak or poor the only way to become successful is through adjustment is a realism approach. Realism is a power struggle between states and if a state is weak or poor, they are not considered to be among the superpowers. If a state wants to be a superpower it needs to adjust to the political climate and preferably become strong and rich.

China believes that unrest is not a major threat to Chinese national interest and security (Holslag 2011; Sun 2014). Additionally, it is important for African countries to realize that China’s relationship with them must first and foremost serve China’s domestic economic development agenda and Africa is a small partner to China, compared to the European Union or the United States (Sun 2014). This paragraph illustrates pure realism as it shows that it is all about China’s own national interests.

One of the reasons why China has refrained from using force is because adjustment calls for prevention of escalation (Holslag 2011). Intervention and interference are two of the most costly policy options, which is why China often refrains from making clear commitments or taking public positions on matters regarding international organizations and political environments (Ibid). When China has experienced local criticism, they have quickly agreed to partial or pseudo-concessions to satisfy the public (Ibid). This Chinese strategic thinking originates from Deng Xiaoping’s advice to keep a low profile and not to take the lead (Ibid). The fact that China considers the costs regarding interference shows that they are pre-occupied with their own well-being first and foremost; this way of thinking is based in the realism doctrine.

**6. Discussion**

As outlined above, it is probable that China, at the moment, favors the liberalism doctrine and as such, there is a high probability that China might eventually interfere in Nigeria, despite its non- interference policy. Even though China might not interfere with military force, there are other diplomatic options for China to pursue. Dealing with Nigeria’s current political instability is not only urgent for Nigeria, but it also lies in China’s interest. After facing numerous attacks on Chinese citizens, China seems determined to help Nigeria in their battle. It is in the interest of China to keep their personnel safe, but also to detain the current political instability situation as it might otherwise spread and most likely threaten Chinese investments.

China and Nigeria are of geographic and demographic significance to their regions, making their partnership particularly valuable (Agubamah 2014). China and Nigeria hold many similarities, both have ethnic diversities and both are the biggest markets and country in their respective regions; one out of three in Asia is Chinese and one out of four in Africa is Nigerian (Onuoha Udeala 2010). China’s and Nigeria’s prominent positions in their region make them have an important role in terms of politics, economy and security (Ibid). Not only is China’s influence great in Nigeria, due to the large number of Chinese living and working in Africa (McGreal 2014), but China is also a growing superpower and one of the world’s largest economy, and as such Nigeria cannot ignore a country like China (Agubamah 2014). A Nigerian diplomat said “the Chinese have an advantage [over the West] of not having a colonial hangover. Whatever the Chinese do for Africa is very credible in our eyes” (Haroz 2011, p. 75-76). China offers Nigeria and its people aid without any strings attached (Cafiero and Wagner 2013). People perceive China as more respectful and non-hypocritical as China does not get involved in internal affairs (Cafiero and Wagner 2013). Even though China has received a lot of criticism for the fact that they take advantage of natural resources without giving back to the local economy or employing local workers and for not imposing any conditionality on their aid and loans, they have maintained a strict business focus (Caulderwood 2014). This has made Chinese investors accept risks that Western investors normally do not (Yuan Sun 2014). It can be considered that China’s actions are guided by political realities, in comparison to Western countries who are trying to shape the political environment (Holslag 2011). The reasons listed above answer why China is the ultimate country, at the moment, most fit to help Nigeria with their situation.

Most Nigerians consider China’s growing investments on its domestic economy to be good, however more and more people have raised their concerns about Nigerian sovereignty; China imports its own workers to build its projects, which many Nigerians consider negatively (Cafiero and Wagner 2013). Chinese investments are usually a deal made between the Chinese partner and the African government (Dahman-Saïdi 2013). As the local population is shut out of the deal and no knowledge transfer is happening, it often causes a rift between the local population and Chinese citizens (Ibid). As a result, “anti-China” sentiments are forming in Nigeria; causing security risks for Chinese citizens and investment (Ibid). Thus, China should focus on promoting stronger communication between the Chinese stakeholders and the locals (Ibid). By extending the line of communication between the locals and the Chinese stakeholders, the two parties might be able to share their concerns and from there on find a solution, a solution that is mutually accepted.

Investors will invest when they expect economic growth based on a country’s past performance; meaning that if a country holds a good economic record of growth, investors are more likely to place investments (Feng 2001). For Nigeria, this is both positive and negative. Positive because it means that since Nigeria has the highest FDI in Africa, investors will invest. Negative because Nigeria’s current political instability situation might jeopardize it. In order to ensure productivity and the sustainability of investments, Nigeria needs to have a stable macroeconomic environment, good governance and be politically stable (Babatunde et al. 2010). However, Nigeria can still attract FDIs as investors believe that if countries are in possession of something valuable then “the expected return is sufficient enough to compensate for the additional degree of risk undertaken” and in this case it is oil (Levis 1970, p. 61). For Nigeria to have an impact on their political instability, they need to deal with its root cause so that its effect on economic policies and thus economic growth can stop (Aisen and Veiga 2011). Unequal societies are more unstable, but through having a wealthy middle class, political stability can be enhanced (Alesina and Perotti 1993). This is why Nigeria should set aside state funds to further education; education may have a favorable input on political instability (Ibid). Education has the potential to change the customs of people; according to political scientists “customs and manner of a people, not legal structures, [that] determine their political character” (Anyanwu 1982, p. 104-105). China should provide Nigeria with the means to provide for themselves, even if it is a long-term strategy, this can be done through education. As China acquired more wealth, they introduced more and more schools and universities into their society, thus they know how to build a functioning system of education. China should thus interfere in Nigeria by setting up schools and infrastructure. China could buy themselves into a Nigerian company, for example a construction company. Short-term it would most likely not be beneficial to Nigeria, since China has a habit of employing its own work force and therefore not employ any Nigerians, but in the long run education would be able to provide stability to the country as well as make Nigerians more educated and skilled. However, this would only work if the Nigerian government wants it to work. If the government is corrupt then some or most of the funding would likely be kept by the government. In the case of Nigeria, this is a very plausible scenario as Nigeria is considered to be a corrupted state (U.S. Department of State 2013). According to the Corruption Perception Index Nigeria placed on the 139th position out of 176 countries (Ibid).

It can be argued that it is up to Nigeria to strengthen their regional institutions regarding peace and security (Iyasu 2013). Chinese investments should be looked upon as a means to an end to invest in health, job creation and education, and not the end in itself (Ibid). Therefore, Nigeria should encourage China to support the national, regional and continental institutions for peace and security which lack technical support and funding (Ibid). For China and Nigeria to establish a relationship beyond economics there needs to be an increasing social and cultural understanding between the two regions (Iyasu 2013). African peace building, in general, should become a vital part of Chinese investments policy, however at the moment, China lacks expertise on this subject, but this could be changed by China encouraging and funding research by Chinese institutions and students, and vice versa (Ibid). Furthermore, Nigeria should focus on finding a way to connect their local peace building institutions with the Chinese institutions, investments and the sharing of knowledge and expertise (Ibid). If both regions were to commit to this, it could enhance the social, economic and political interaction between them (Ibid).

African governments put their trust in China and its government as they were able to rapidly introduce economic development (Ayodele and Sotola 2014). China is thus in a position where it can improve bilateral and multilateral cooperation by using its multilateral channels with Africa as well as with the UN (Sun 2014). Beijing has also tried to deepen its connections with the African Union and African countries on peace and security problems as China believes that the AU is most likely to get to the root of the problem as they know the customs and traditions (Ibid). In 2012, Jintao even launched the Initiative on China-Africa Cooperative Partnership for Peace and Security (Ibid). The aim of this partnership is to support AU’s internal peacekeeping missions, as well as provide financial assistance to the AU’s army and to help them train security officials and peacekeepers (Sun 2014). In doing so, China could minimize and prevent conflicts on the African continent, including Nigeria (Li 2007). China should facilitate and exchange information and encourage consultation with all parties relevant to Africa and the stability there (Ibid). China has already started helping Nigeria becoming more stable by supplying military hardware and military training to the Nigerian military (Adeolu et al. 2008).

In the case of Boko Haram, it is important for Nigeria to cooperate with other countries as terrorism can easily have a spill-over effect (Ganiou Mijiyawa n.d.). Thus, Nigeria should try to focus on regional integration as it will boost more open countries and more politically stable countries, both which are important to attract FDI (Ibid). As the Nigerian government looks at China in a positive light, China should facilitate communication between Nigeria and the neighboring governments.

A country that suffers from war, violence, strife and civil and military brigandage has not much hope for attracting foreign capital (Ibid). Investors prefer to do business in crime-free and peaceful environments (Ibid). Hence, Nigeria should focus on reinstating a security framework consisting of well-equipped and well-trained forces to protect lives and property rights (Ibid). Nigeria could take advice from the AU to help them and China could assist in this matter (Ibid). Many companies have already pulled out of Nigeria as a result of the instability (Ibid).

Nigeria needs to develop a bureaucracy that is compatible with the needs of modern day economic activities and does not make room for rent-seeking as this increase the cost of doing business in the country (Ibid). Hence, a well-trained civil service needs to be put in place to complement a deregulated and highly liberalized economy which will attract more FDIs (Ibid). As China is known for attracting a lot of FDI and has been able to put it to good use, China has the knowledge to assist Nigeria in their development of a proper bureaucracy.

Nigeria should be transparent with the factors that might affect the investment climate and a report should be ready and easily accessible to any interested investor (Ganiou Mijiyawa n.d.). China, on the other hand, needs to establish a risk assessment tool so that they can make sound business decisions while having a comprehensive overview of the political risk within the specific country (Ibid). Unfortunately, according to analysts, it will take years before such a mechanism will be applied in the Sino-African business relationship (Sun 2014); which is why China and Nigeria should work side by side to establish a risk assessment tool. This would not only benefit China and their investments, but it would also benefit Nigeria by giving investors a transparent overview of Nigeria’s future and their future investments.

It is important for Nigeria to establish a security framework in order to ensure further FDIs to the country (Iyasu 2013). At the moment, if proper measures are not taken, foreign investors, including the Chinese who have been willing to take more risks than any other investors, will be extracting themselves from Nigeria; the fact that even the Chinese investors would pull out, would show other potential foreign investors that Nigeria is headed towards the wrong path, which would hinder Nigeria’s economic performance (Ibid). If China were to interfere in Nigeria, they would have the possibility of staying in the country (Ibid). This would benefit both China and Nigeria (Ibid). China would be able to keep their investments, without losing any money and they would be able to continue growing their domestic economy and Nigeria would benefit because if Chinese investors are staying it would show possible future investors that Nigeria is headed the right way (Ibid).

China could also try to help Nigeria to facilitate a line of communication between the Nigerian government and Boko Haram. Even though it is highly unlikely that this would occur, what speaks to its advantage is that arbitration is an old custom in Nigeria, and to this day it is still being practiced (Oduh Ezediaro 1971). One can argue that Nigeria is currently undergoing this situation with Boko Haram because Nigerians fail to embrace unity. Instead they identify themselves with their own ethnic groups and symbols (Anyanwu 1982). The ethnic customs of the Nigerian people hinder the development of a national political culture (Anyanwu 1982). A line of communication would certainly not unite Boko Haram with the rest of Nigeria, but it could be a first step towards achieving, if not peace, a cease fire. However, through education, a unified Nigeria might happen. As mentioned previously, education would not only increase the middle class but it could perhaps also unify the Nigerian people.

The Nigerian government should pay more attention to policies other nations have adopted to promote development and investigate which of their own policies have been beneficial for Nigeria’s long-term strategy (Abu Akoh 2014).

The only reason why China would not help Nigeria become more stable, can be said is based in the realism doctrine. At the moment, China is the dominant investor in Nigeria, but if Nigeria were to change, the competition would heighten, which could for China be seen as negative. Thus, by not helping Nigeria, China will be able to expand their own national interests and strengthen their power in the world; classic realism behavior. With more competition in the country, however, China might lose its strong foothold in the country. At the same time, if China helps Nigeria to find stability, China will be able to create an even stronger foothold, one that would be able to withstand future competition.

The Sino-Africa relationship is not free from problems, including the Nigerian-Chinese relationship, the ultimate criticism is that China lacks an overall Africa strategy and Chinese commercial parties’ focus lie in maximizing extraction from natural resource reserves, creating a tunnel vision where the economic, political and social aspects are not well thought out and hence will not be sustainable for China, or the African locals; commercial interests have taken over and become prioritized over other national interests (Sun 2014). By not having a proper plan in place, has resulted in “reactive diplomacy”, meaning that China only handles problems as they occur (Ibid), there is no proactive diplomacy. This behavior is detrimental as it delays damage control and crisis management, and thus damaging China’s internal and external image (Ibid). However, there are some scholars and policy makers in the West that believes that the China can be a responsible stakeholder (Holslag 2011). China proved this in 2006 when it drafted its China’s African Policy, a document representing China’s long term-term plan for greater cooperation between China and Africa (Li 2007).

Despite, Nigeria’s ongoing problems, China and Nigeria will continue to foster deeper ties as China wants to decrease its dependence on oil from the Middle East, ironically, due to security reasons (Cafiero and Wagner 2013). As the 13th world biggest producer of crude oil, Nigeria can offer China alternatives (Ibid). However, since China needs African natural resource reserves to fuel its domestic growth, a proper strategy needs to be put forth in order to solve the current and future problems in Sino-African relations (Sun 2014). The non-interference policy was an acceptable model while China was a developing nation, but as China has now become one of the biggest economies in the world, people argue that it is no longer befitting for China to continue having this policy (Iyasu 2013). Basically, China needs to start taking more responsibility for the world as their power has been growing (Ibid).

**7. Conclusion**

As a poor country, Nigeria is heavily dependent on FDI. Nigeria enjoys one of its closest relationships with China as both countries have economic complementarities; China needs crude oil whereas Nigeria needs FDI. Individuals, countries or companies prefer to invest in politically stable countries; experts have realized that political instability has a negative effect on FDI. Since 2011, Nigeria has been heavily plagued by political instability, mainly due to Boko Haram, a terrorist sect wanting to implement Sharia law into the Nigerian society. Previously, the security issue in Africa has not been of great concern to China, however, Nigeria’s ongoing situation is threatening Chinese national interests as investments are threatened and Chinese nationals are being killed or kidnapped for ransom. With this paper I have aimed to look at how China can help Nigeria become a more stable society. By making Nigeria more secure, Nigeria will be able to attract more FDI, furthermore, if the society becomes safer, so do Chinese investments and nationals. China’s non-interference policy could hinder China from engaging in Nigeria, but with the help of Realism and Liberalism I have tried to determine what China would do. Although both theories were present in the analysis, I believe that China has more liberal tendencies than realism tendencies. I, thus, state that there is a high possibility that China might eventually interfere in Nigeria, even though it might not be militarily, there are several other diplomatic options that China could pursue. China should extend the line of communication between locals and shareholders; this is particularly true for keeping Chinese nationals safe, as there has been an upsurge of “anti-China” feelings. Another area China can hugely help Nigeria in improving, is the education sector. China should give Nigeria the means to provide for itself; this could be done through education. Even though, it would be a long-term strategy, in the end Nigerians would be more educated and skilled. Furthermore, China should invest in African peace building as the knowledge, at the moment, is limited from China’s side. At the same time, Nigeria should try to connect their local peace building institutions to China’s research on African peace building as a way to enhance social, economic and political integration. Additionally, China is in a position to improve bilateral and multilateral cooperation by using its multilateral channels with Africa as well as with the UN. Similarly, Nigeria should focus on regional cooperation to prevent a spill-over effect of Boko Haram. Second to last, China should help Nigeria and the AU to reinstate a security framework of well-equipped and well-trained forces to protect lives and property rights. Lastly, China and Nigeria should work side by side to establish a risk assessment tool. It would not only be beneficial for China, but also for Nigeria as they would be able to present it to future Nigerian investors. Even though Nigeria’s problem cannot be rectified immediately, China and Nigeria will continue to strengthen their relationship as China needs crude oil to expand its growing economy. However, for the future China needs to adopt a more comprehensive strategy for its relationship with Africa, as the current one is based on “reactive diplomacy”, meaning that China deals with problem once they erupt. On top of this, China’s non-interference policy is no longer befitting for a nation that is now one of the biggest economies of the world; a superpower needs to take more responsibility.

**References**

Abu Akoh, Ibrahim (2014) The Place of Commercial Diplomacy in Nigeria-China Relations, *Journal of Humanities And Social Science*, vol. 19(7), p. 63-69.

Ademola, Oyejide Titiloye, Adeolu O. Adewuyi and Abiodun S. Bankole (2009) China-Africa Trade Relations: Insights from AERC Scoping Studies, *European Journal of Development Research*, vol. 21(4), p. 485-505.

Adewuyi, Adeolu, Abiodu S. Bankole and Olawale E. Ogunkale (2008) China-Nigeria Economic Relations, *African Economic Research Consortium*, p. 1-15.

Agubamah, Edgar (2014) Bilateral Relations: Periscoping Nigeria and China Relations, *European Scientific Journal*, vol. 10(14), p. 63-70.

Ahmad Jarmajo, Mukhtar (2009) “Assessing Nigeria’s 10 Year Democracy” in *Nigerian-Newspaper.com* [Online] 11 June 2009. Available from *Nigerian-Newspaper.com’s* website <http://www.nigerian-newspaper.com/nigeria-democracy-10.htm> [Accessed 25th April 2015].

Aisen, Ari and Francisco Jose Veiga (2011) How Does Political Instability Affect Economic Growth, *International Monetary Fund*.

Alade Ajayi, Iyiola and Adeyemi Babalola (2011) “13 Interest Rates, Fiscal Policy, and Foreign Private Investment in Nigeria” in *Globalization and Sustainable Development in Africa*, (eds.) Bessie House-Soremekun and Toyin Falola, vol. 51(-), p. 276-297. Boydell & Brewer: University of Rochester Press.

Alesina, Alberto, Nouriel Roubini, Phillip Swagel and Sule Özler (1996) Political Instability and Economic Growth, *Journal of Economic Growth*, vol. 1(2), p. 189-211.

Alesina, Roberto and Roberto Perotti (1993) Income Distribution, Political Instability, and Investment, *European Economic Review*, vol. 40(6), p. 1203-1228.

Anshan, Li (2007) China and Africa: Policy and Challenges, *China Security*, vol. 3(3), p. 69-93.

Anyanwu, K.C. (1982) The Bases of Political Instability in Nigeria, *Journal of Black Studies*, vol. 13(1), p. 101-117.

Asiedu, Elizabeth (2002) On the Determinants of Foreign Direct Investment to Developing Countries: Is Africa Different?, *World Development*, vol. 30(1), p. 107-119.

Ayodele, Thompson and Olusegun Sotola (2014) China in Africa: An Evaluation of Chinese Investment, *Initiative for Public Policy Analysis*, p. 1-20.

Babatunde, M. Adetunji, Abiodu S. Bankole, E. Olawale Ogunkola and Olugboyega A.Oyeranti, (2010) The Impact of China-Africa Investment Relations:The Case of Nigeria, *African Economic Research Consortium*, (8), p. 1-6.

Busse, Matthias and Carsten Hefeker (2007) Political risk, institutions and foreign direct investment, *European Journal of Political Economy*, vol. 23(-), p. 397-415.

Cafiero, Giorgio and Daniel Wagner (2013) “China and Nigeria: Neo-Colonialism, South-South- Solidarity, or Both?” in *Huffpost Live* [Online] 18 September 2013. Available from *Huffington Post’s* website <http://www.huffingtonpost.com/daniel-wagner/china-and-nigeria-neocolo\_b\_3624204.html> [Accessed 10th April 2015].

Caulderwood, Kathleen (2014) “China To Send UN Troops To South Sudan, Denies Deployment Related To Oil Investment” in *International Business Times* [Online] 25 September 2014. Available from *International Business Times’* website <http://www.ibtimes.com/china-send-un-troops-south-sudan-denies-deployment-related-oil-investment-1695197> [Accessed 15th March 2015].

Chadderton, Charlotte and Harry Torrance (2011) Case Study. In: B. Somekh and C. Lewin, ed. *Theory and Methods in Social Research.* SAGE Publications Ltd.: London. Second edition.

Chase, Carmen D., James L. Kuhle and Carl H. Walther (1998) The Relevance of Political Risk in Direct Foreign Investment, *Management International Review*, vol. 28(3), p. 31-38.

China.org.cn (2014) “China stands firm with Africa in combating terrorism” in *Editor’s Pick* [Online] 18 May 2014. Available from *China.org.cn’s* website <http://www.china.org.cn/opinion/2014-05/18/content\_32425194.htm> [Accessed 7th April 2015].

Coolidge, Jacqueline and Susan Rose-Ackerman (1995/1996) “High-Level Rent Seeking and Corruption in African Regimes: Theory and Cases” in *Elibrary* [Online] 1995/1996. Available from *World Bank’s* website <http://elibrary.worldbank.org/doi/pdf/10.1596/1813-9450-1780?cookieSet=1> [Accessed 17th May 2015].

Corporate Nigeria A (2010/2011) “A New Era for Oil” in *Energy* [Online] 2010/2011. Available from *Corporate Nigeria’s* website <http://www.corporate-nigeria.com/index/energy/a-new-era-for-oil.html> [Accessed 21st February 2015].

Corporate Nigeria B (2010/2011) “Construction Overview” in *Construction* [Online] 2010/2011. Available from *Corporate Nigeria’s* website <http://www.corporate-nigeria.com/index/construction/construction\_overview.html> [Accessed 21st February 2015].

Corporate Nigeria C (2010/2011) “Doing Business in Nigeria” in *FDI* [Online] 2010/2011. Available from *Corporate Nigeria’s* website <http://www.corporate-nigeria.com/index/fdi/doing\_business\_in\_nigeria.html> [Accessed 21st February 2015].

Corporate Nigeria D (2010/2011) “FDI Overview” in *FDI* [Online] 2010/2011. Available from *Corporate Nigeria’s* website <http://www.corporate-nigeria.com/index/fdi/foreign\_direct\_investment\_overview.html> [Accessed 21st February 2015].

Corporate Nigeria E (2010/2011) “History and Culture Overview” in *History & Culture* [Online] 2010/2011. Available from *Corporate Nigeria’s* website <http://www.corporate-nigeria.com/index/history\_\_culture/history-culture-overview.html> [Accessed 21st February 2015].

Corporate Nigeria F (2010/2011) “History and Culture Overview” in *History & Culture* [Online] 2010/2011. Available from *Corporate Nigeria’s* website <http://www.corporate-nigeria.com/index/history\_\_culture/history-culture-overview.html?page=2> [Accessed 21st February 2015].

Corporate Nigeria G (2010/2011) “History and Culture Overview” in *History & Culture* [Online] 2010/2011. Available from *Corporate Nigeria’s* website <http://www.corporate-nigeria.com/index/history\_\_culture/history-culture-overview.html?page=3> [Accessed 21st February 2015].

Corporate Nigeria H (2010/2011) “Incentives for Investors” in *FDI* [Online] 2010/2011. Available from *Corporate Nigeria’s* website <http://www.corporate-nigeria.com/index/fdi/incentives\_for\_investors.html> [Accessed 21st February 2015].

Corporate Nigeria I (2010/2011) “Nigeria at a Glance” in *Country Profile* [Online] 2010/2011. Available from *Corporate Nigeria’s* website <http://www.corporate-nigeria.com/index/country\_profile/nigeria-at-a-glance.html> [Accessed 21st February 2015].

Corporate Nigeria J (2010/2011) “Nigeria Country Profile” in *Country Profile* [Online] 2010/2011. Available from *Corporate Nigeria’s* website <http://www.corporate-nigeria.com/index/country\_profile/nigeria-country-profile.html?page=2>[Accessed 21st February 2015].

Corporate Nigeria K (2010/2011) “Nigeria’s Trade Relations” in *Industry* [Online] 2010/2011. Available from *Corporate Nigeria’s* website <http://www.corporate-nigeria.com/index/industry/trade\_relations.html> [Accessed 21st February 2015].

Corporate Nigeria L (2010/2011) “What You Need to Know About Doing Business in Nigeria” in *Legal & Accounting* [Online] 2010/2011. Available from *Corporate Nigeria’s* website <http://www.corporate-nigeria.com/index/legal\_\_accounting/what-you-need-to-know.html> [Accessed 21st February 2015].

de Haan, Jakob and Clemes L.J. Siermann (1996) Political Instability, Freedom, and Economic Growth: Some Further Evidence, *Economic Development and Cultural Change*, vol. 44(2), p. 339-350.

Dahman-Saïdi, Myriam (2013) “Chinese investment in Africa (part 2)” in *Développement* [Online] 21 November 2013. Available from *BSI Economics’* website <http://www.bsi-economics.org/index.php/developpement/item/220-chinese-investment-in-africa-part-2> [Accessed 3rd April 2015].

Economy Watch (2010) “Foreign Direct Investment” in *Economy Watch* [Online] 29 June 2010. Available from *Economy Watch’s* website <http://www.economywatch.com/foreign-direct-investment/> [Accessed 22nd April 2015].

ECOWAS (n.d.) “Basic Information” in *About ECOWAS* [Online] n.d. Available from *ECOWAS*’ website <http://www.ecowas.int/about-ecowas/basic-information/> [Accessed 17th May 2015].

ECOWAS (2015) “China provides military equipment to the ECOWAS Standby Force” in *Events* [Online] n.d. Available from *ECOWAS’* website <http://www.ecowas.int/la-chine-offre-du-materiel-militaire-a-la-force-en-attente-de-la-cedeao/> [Accessed 17th May 2015]

Egbula, Margaret and Qi Zheng (2011) China and Nigeria: A Powerful South-South Alliance, *West African Challenges*, p. 1-20.

Fatehi-Sedeh, Kamal and M. Hossein Safizadeh (1989) The Association between Political Instability and Foreign Direct Investment, *Management International Review*, vol. 29(4), p. 4-13.

Feng, Yi (1997) Democracy, Political Stability and Economic Growth, *British Journal of Political Science*, vol. 27(3), p. 391-418.

Feng, Yi (2001) Political Freedom, Political Instability and Policy Uncertainty: A Study of Political Institutions and Private Investment in Developing Countries, *International Studies Quarterly*, vol. 45(2), p. 271-294.

Ganiou Mijiyawa, Abdoul’ (n.d.) What Drives Foreign Direct Investments in Africa? An Empirical Investigation with Panel Data, *African Center for Economic Transformation*, p. 1-25.

GIZ (n.d.) “Strengthening the police component of the Economic Community of West African States (ECOWAS)” in *Worldwide* [Online] n.d. Available from *GIZ’s* website <https://www.giz.de/en/worldwide/20747.html > [Accessed 17th May 2015].

Haber, Stephen and Armand Razo (1998) Political Instability and Economic Performance: Evidence from Revolutionary Mexico, *World Politics*, vol. 51(1), p. 99-143.

Haroz, David (2011) China in Africa: Symbiosis or Exploitation?, *The Fletcher Forum of World Affairs*, vol. 35(2), p. 65-88.

Holslag, Jonathan (2011) China and the Coups: Coping with Political Instability in Africa, *African Affairs*, vol. 0(0), p. 1-20.

Investopedia (n.d.) “Rent-Seeking” in *Dictionary* [Online] n.d. Available from *Investopedia’s* website <http://www.investopedia.com/terms/r/rentseeking.asp> [Accessed 17th May 2015].

Iyasu, Alula A. (2013) “China’s Non-Interference Policy and Growing African Concerns” in *African Arguments* [Online] July 18, 2013. Available from *African Argument’s* website <<http://africanarguments.org/2013/07/18/china%E2%80%99s-non-interference-policy-and-growing-african-concerns/>> [Accessed 3rd February 2015].

Jackson, Robert and Georg Sørensen A (1999) Chapter 2 - IR as an academic subject. In: *Introduction to International Relations*. Oxford University Press: Oxford.

Jackson, Robert and Georg Sørensen B (1999) Chapter 3 - Realism. In: *Introduction to International Relations*. Oxford University Press: Oxford.

Jackson, Robert and Georg Sørensen C (1999) Chapter 4 - Liberalism. In: *Introduction to International Relations*. Oxford University Press: Oxford.

Levis, Mario (1979) Does Political Instability in Developing Countries Affect Foreign Investment Flow? An Empirical Examination, *Management International Review*, vol. 19(3), p. 59-68.

Madueke, Nnamdi (2014) “Nigeria’s Prospect in Becoming New China” in *The Guardian* [Online] 19 December 2014. Available from *allAfrica’s* website <http://allafrica.com/stories/201412191029.html> [Accessed 27th March 2015].

McGreal, Chris (2014) “Obama woos African leaders to counter growing Chinese influence” in *Africa* [Online] 3 August 2014. Available from *The Guardian’s* website <http://www.theguardian.com/world/2014/aug/03/obama-woos-african-leaders-chinese-influence> [Accessed 20th April 2015].

Mthembu-Salter, Gregory (2009) Elephants, Ants and Superpowers: Nigeria’s Relations with China, *South African Institute of International Affairs*, (42), p. 1-34.

Naij (2015) “Elections 2015” in *Naij* [Online] 2015. Available from *Naij’s* website <http://www.naij.com/tag/elections-2015.html> [Accessed 20th April 2015].

Oduh Ezediaro, Samuel (1971) Guarantees and Incentives to Foreign Investment in Nigeria, *The International Lawyer*, vol. 5(4), p. 770-783.

Onuoha Udeala, Samuel (2010) Nigeria-China Economic Relations Under the South-South Cooperation, *African Journal of International Affairs*, vol. 13(1&2), p. 61-88.

Renard, Mary-Françoise (2011) China’s Trade and FDI in Africa, *African Development Bank Group*, (126), p. 1-38.

Shinn, David (2013) “China Confronts Terrorism in Africa” in *Peace/Security* [Online] 18 November 2012. Available from *China US Focus’* website <http://www.chinausfocus.com/peace-security/china-confronts-terrorism-in-africa/> [Accessed 4th April 2015].

Smith, David (2015) “Nigerian election winner vows to crush Boko Haram insurgency” in *Africa* [Online] 2 April 2015. Available from *The Guardian’s* website <http://www.theguardian.com/world/2015/apr/01/nigerian-election-winner-muhammadu-buhari-boko-haram> [Accessed 19th April 2015].

Sun, Yun (2014) Africa in China’s Foreign Policy, *John L. Thornton China Center* and *Africa Growth Initiative*, p. 1-45.

Svensson, Jakob (1998) Investment, property rights and political instability: Theory and evidence, *European Economic Review*, vol. 42(-), p. 1317-1341.

Utomi, Pat (2009) China and Nigeria, Center for Strategic and International Studies, p. 39-48.

U.S. Department of State (2013) “2013 Investment Climate Statement – Nigeria” in *U.S. Department of State* [Online] 2013. Available from *U.S. Department of State’s* website <http://www.state.gov/e/eb/rls/othr/ics/2013/204707.htm> [Accessed 15th February 2015].

Wu, Chenchen (n.d.) China’s Foreign Policy towards Africa, the School of Government and International Affairs: Durham University, p. 1-26.

Yin, Robert K. (2003) *Case Study Research: Design and Methods.* SAGE Publications Ltd.: London. Third edition.

Yuan Sun, Irene (2014) “Africa’s Incoherent Security Framework Threatens Future Chinese Investments” in *Center for African Studies: Harvard University* [Online] 12 July 2014. Available from *Center for African Studies: Harvard University’s website*<http://africa.harvard.edu/harvard-grad-student-analyzes-impact-africas-security-situation-chinese-investment-nigerian-guardian/> [Accessed 2nd March 2015].